

Message Text

CONFIDENTIAL

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73

ACTION EB-07

INFO OCT-01 ARA-06 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 /096 W

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R 142035Z AUG 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 6338

INFO AMEMBASSY TEHRAN

C O N F I D E N T I A L LIMA 6609

EO 11652: GDS

TAGS: ENRG, EINV, EGEN, IR, PE

SUBJ: PERUVIAN PETROLEUM OUTLOOK - VIEW OF WELLS FARGO

OFFICIAL

REF: A. LIMA 2546 (NOTAL); B. LIMA 2535; C. TEHRAN 3622

1. WELLS FARGO OFFICIAL TOLD EMBASSY OFFIER AUGUST 13 THAT \$100 MILLION WELLS FARGO LOANS WERE SIGNED DURING APRIL. HE PROVIDED FOLLOWING DETAILS FOR THE TWO LOANS: FUNDING - DEPOSITS PROVIDED BY BANK MARKAZI (CENTRAL BANK OF IRAN); TERM - SEVEN YEARS; INTEREST RATES - 1.75 PERCENT OVER LONDON INTERBANK RATE; REPAYMENT - SEVEN SEMIANNUAL INSTALLMENTS. HE NOTED THAT WELLS FARGO REALIZES THAT MOST OF FINANCING FOR PIPELINE HAS ALREADY BEEN DRAWN DOWN, AND SINCE (AS REPORTED SEPTTEL) NO DISBURSEMENTS HAVE YET BEEN MADE, IT IS QUITE POSSIBLE THAT PERU WILL USE THE MONEY FOR OTHER PROJECTS OR POSSIBLY EVEN FOR BALANCE OF PAYMENTS PURPOSES. OFFICIAL SAID THAT ALTHOUGH THE SMALL BANKS IN THE CONSORTIUM ARE NERVOUS DUE TO THE MARCONA NATIONALIZATION, NONE WILL WITHDRAW FROM THE CONSORTIUM, SINCE TO DO SO WOULD SERIOUSLY DAMAGE THEIR REPUTATION IN BANKING CIRCLES.

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2. OFFICIAL TOLD EMBASSY THAT LEON VELARDE, PETROPERU'S

GENERAL MANAGER, INFORMED HIM THAT PETROPERU BELIEVES THAT PERU WILL BE ABLE TO PRODUCE 140,000 B/D BY 1977 (THIS INCLUDES BOTH PETROPERU'S FIELDS AND OXY'S). PETROPERU ESTIMATES THAT OXY WILL EVENTUALLY BE ABLE TO PRODUCE 150,000 B/D, ALTHOUGH WELLS FARGO DOES NOT BELIEVE OXY CAN NOW PRODUCE MORE THAN 70,000/80,000 B/D MAXIMUM.

3. TURNING TO PROVEN RESERVES, OFFICIAL'S LATEST FIGURES INDICATE THAT PETROPERU HAS 261 MILLION BARRELS AND OXY 200 MILLION. OFFICIAL REITERATED WHAT HE HAD SAID EARLIER THIS YEAR (REF A) THAT OVERALL FEASIBILITY OF PIPELINE IS ASSURED ON BASIS OF BALANCE OF PAYMENTS SAVINGS, IF THE OXY OIL IS INCLUDED. OFFICIAL ESTIMATED THAT OXY NEGOTIATIONS COULD DRAG ON FOR SEVERAL MORE MONTHS, AND THAT THE TRANS-ANDEAN PIPELINE WILL BE COMPLETED IN LATE 1976 OR EARLY 1977 PRIOR TO THE COMPLETION OF OXY'S SPUR.

4. COMMENT: WELLS FARGO OFFICIAL WAS LESS BULLISH THAN DURING HIS LAST VISIT, BUT MAINTAINED THAT OVERALL PETROLEUM PICTURE STILL JUSTIFIED WELLS FARGO'S \$100 MILLION LOAN.
DEAN

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